GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3355
ANSWERED ON:18.12.2015
Evasion of STT
Shirole Shri Anil

Will the Minister of FINANCE be pleased to state:

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO.3355
TO BE ANSWERED ON FRIDAY, THE 18TH DECEMBER 2015
27 AGRAHAYANA 1937 (SAKA)

EVASION OF STT
3355. SHRI ANIL SHIROLE:
Will the Minister of FINANCE be pleased to state:
a) Whether Income Tax Notices have been issued to companies/traders/foreign Institutional Investors (FIIs) trading in National Stock Exchange/Bombay Stock Exchange for tax evasion particularly evasion of Securities Transaction Tax(STT);

b) If so, the details thereof;

c) The estimated amount/penalty due against such companies/traders/FIIs along with the amount recovered till date; and

d) the action taken by the Government/SEBI against the erring companies/traders/FIIs along with the other steps taken to curb such practices in future?

Answer

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(JAYANT SINHA)

a) & b) The Securities Transaction Act (Chapter VII of Finance (No. 2) Act, 2004) casts statutory obligation on the recognized Stock Exchanges, such as BSE and NSE, to collect
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the Securities Transaction Tax (STT) from every person entering into taxable securities transaction; pay the STT to the credit of Central Government every month; and to furnish the prescribed return in respect of all taxable securities transactions entered into during the financial year in that Stock Exchange.
The persons entering into the taxable securities transactions in the Stock Exchange, such as traders or investors, including Foreign Institutional Investors (FIIs), are not obliged to make any statutory compliance within the provisions of Securities Transaction Act.
As such, the Income Tax Department does not issue any notice to such traders or investors, including Foreign Institutional Investors (FIIs), for any violation of the provisions of Securities Transaction Act.

c) & d) No such instance of evasion of STT has been reported so far. However, in cases where any default in collection or payment of STT is noticed, assessments can be made and penalties can be levied, by the Income Tax authorities concerned, against the defaulting Stock Exchange, and not against the traders or investors, as per provisions of Securities Transaction Act.

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